



NEWS

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Taxpayer Group Voices Skepticism on New Litigation Against Software Companies

*Rumored Department of Justice block against Oracle's acquisition of Peoplesoft may be the axe that ends
America's new economic growth.*

WASHINGTON – Americans for Tax Reform (ATR), the nation's leading taxpayer advocacy organization, today expressed strong disappointment with recent media reports indicating that the U.S. Department of Justice will recommend an injunction to block Oracle Corporation's proposed acquisition of PeopleSoft Inc.

Like the Microsoft antitrust controversy from the late 1990s, a Justice Department block of Oracle's acquisition will have wide-ranging, damaging effects that threaten the fragile economic recovery, while harming shareholders, consumers, small businesses, and especially taxpayers who will have to pay for DOJ litigation blocking the move.

"After years of spectacular growth, the Microsoft decision cast serious doubt on what everyone was saying was the new free market of the tech sector," said taxpayer advocate Grover Norquist, who heads ATR in Washington. **"Blocking software companies like Oracle from pursuing profits through mergers and acquisitions is breaking the spine of the American economic sapling."**

In 2000, the Department of Justice announced its lawsuit with Microsoft and proposed remedies that not only affected Microsoft but even the companies that were supposed to benefit from the proposed remedies. Moreover, other companies totally unrelated to the technology sector were negatively affected, resulting in a downward spiral of all companies. The popping of the technology bubble was immediate, rather than gradual, and the resulting dramatic loss of equity value and confidence threw America toward recession. After four years, it appears that the economy has finally shaken the effects of these consequences.

"In the last five years, America's economy has faced the technology burst, a recession, the worst terror attack in modern history, two ensuing wars, and financial scandals that shook the equity markets to their cores," continued Norquist. **"The Department of Justice seems to almost be plotting for yet another external economic shock."**

After nearly four years of struggling to reactivate the technology sector, the rebound appears imminent as the NASDAQ is pointing to sustained growth. Competition is high, funding is available, and American entrepreneurs finally appear ready to take on risk. Government action – not based on existing antitrust precedent – will stifle new development, resulting in less investment, job creation, and ultimately a lower standard of living for all Americans.

Americans for Tax Reform (ATR) is a non-partisan coalition of taxpayers and taxpayer groups who oppose all federal, state and local tax increases. For more information or to arrange an interview, please contact Jonathan Collegio at (202) 785-0266 or at jcollegio@atr.org.